MAXIMUM MORTGAGE CALCULATION
STANDARD 203(k) PROGRAM
REFINANCE TRANSACTION
*Properties Acquired ≥ 12 Months Prior to Case # Assignment Date **or***
Properties Acquired < 12 Months through Inheritance or Gift from Family Member

Step 1	Establishing Financeable Repair and Improvement Costs, Fees and Reserves		
A.	**Repair and Improvement Costs and Fees Total** *(sum of A1 thru A7)*		$_____
	1. Costs of construction, repairs and rehabilitation	S_____	
	2. Architectural or Engineering Professional Fees	$_____	
	3. 203(k) Consultant Fees	$_____	
	4. Inspection Fees (work Performed during Rehabilitation)	$_____	
	5. Title Update Fees	$_____	
	6. Permit Fees	$_____	
	7. Feasibility Study when necessary	$_____	
B.	Financeable Contingency Reserves		$_____
C.	Financeable Mortgage Payments Reserves		$_____
D.	Financeable Mortgage Fees Total *(Sum of D1 and D2)*		$_____
	1. Origination Fee (Greater of $350 or 1.5% of (sum of 1A,1B and 1C)	$_____	
	2. Discount Points on 1A	$_____	
E.	Total Rehabilitation Costs, Fees and Reserves (Sum of 1A , 1B, 1C & 1D) = **"Step 1 Total"**		**$_____**

Step 2:	Establishing Value		
A.	Existing Debt on property being refinanced (sum of A1 thru A7)		$_____
	1. Unpaid principal balance (1st lien)	$_____	
	2. Unpaid principal balance (junior liens)	$_____	
	3. Interest due on existing mortgage(s)	$_____	
	4. MIP due on existing mortgage(s)	$_____	
	5. Prepayment penalties, if applicable	$_____	
	6. Late charges	$_____	
	7. Escrow shortages	$_____	
B.	Step 1 Total (1E)		$_____
C.	Sum of 2A and 2B		S_____
D.	As-Is Property Value (When an as-is appraisal is performed*) *(Required if 2C is greater than 2F)*		$_____
Adjusted As-Is Value			
E.	2D *(If 2C > 2F)* Else, 2A or 2D		$_____
After Improved Value			
F.	Appraised Value (subject to Repairs and Improvement)		$_____

Mortgagees must consult HUD Handbook 4000.1 for detailed guidance on 203(k) loan transaction

Last Updated 7/14/15   STD 203(k) REFINANCE (OWNED GREATER THAN OR EQUAL TO 12 MONTHS)

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Step 3:	Calculating Maximum Mortgage Amount		
A.	2A + 1E *(i.e. Existing Debt + Step 1 Total)*	$_____	
B.	Estimated Closing Costs and Prepaid Expenses Assoc. with new loan $_____		
C.	Sum of 3A & 3B		$_____
D.	2E + 1E *(i.e. Adjusted As-Is Value + Step 1 Total)*	$_____	
E.	2F [i.e. *After Improved Value*] x 110% (100% for Condominiums)	$_____	
F.	Lesser of 3D or 3E ($_____) x 3I ____% (i.e. Appropriate LTV Factor)		$_____
G.	Nationwide Mortgage Limit		$_____
H.	**Base Mortgage Amount (Lesser of 3C, 3F or 3G)**		**$_____**

I.	Determining Loan-To-Value Factor for Maximum Mortgage Eligibility		_____%
	Basis	**Criteria**	**Maximum LTV Factor**
	MDCS	At or above 580	☐ 97.75%
	MDCS	Between 500 and 579	☐ 90%
	Secondary Residences	With HOC Approval	☐ 85%

Step 4	Calculating the LTV for Application of Annual MIP	
A.	**MIP LTV** = 3H divided by 2F (i.e. Base Mortgage Amount divided by After Improved Value)	_____%

Step 5:	Establishing the Rehabilitation Escrow Account		
A	Repair and Improvement Costs, Fees & Reserves (Step 1 Total)		$_____
B	Initial Draw at Closing Total *(sum of B1 thru B7)*		$_____
	1. 203K Consultant Fees	$_____	
	2. Architectural or Engineering Fees	$_____	
	3. Permit Fees	$_____	
	4. Origination Fee(Step 1: D1)	$_____	
	5. Discount Point (Step 1: D2) $_____		
	6. Material costs for items ordered & prepaid by Borrower/or contractor (under contract for delivery) $_____		
	7. Up to 50% of materials costs for items ordered but not yet paid for (under contract for delivery) $_____		
C.	**Rehabilitation Escrow Amount Balance (Future Draws) = 5A minus 5B**		**$**

Notes:
MDCS = Minimum Decision Credit Score

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